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SUBJECT: TWELFTH UN CONFERENCE ON TRADE AND DEVELOPMENT  
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[1](#)1. (SBU) The United Nations Conference on Trade and Development (UNCTAD)'s quadrennial conference took place in Accra, Ghana, April 20-25. On balance, its outcome document, the 221 paragraph Accra Accord represents progress for developed countries and UN reform, and can be used as a reference document, replacing the now obsolete Sao Paulo Consensus. The conference consisted of a plenary, in which member state heads of delegation delivered statements, a committee of the whole to negotiate the outcome document, nine high-level thematic roundtables, and numerous side events. The U.S. delegation numbered twelve and was led by State's IO/EDA Office Director. The next quadrennial conference will be in Doha in 2012.

[1](#)2. (SBU) There were 193 member states represented at the conference and a total of approximately 4,000 attendees including several heads of state and trade, finance, and development ministers. The U.S. delegation comprised twelve officials representing the Department of Commerce, the Department of Agriculture, the office of the U.S Trade Representative, USUN New York, the U.S. Mission in Geneva, and the State Department's International Organizations and Economic, Energy, and Business Affairs bureaus.

[1](#)3. (SBU) The theme of the conference was "Addressing the opportunities and challenges of globalization for development." UN Secretary General (SYG) Ban Ki-moon in the opening session of the conference focused on the Millennium Development Goals (MDGs) and the food crisis. He asserted that the world faces a "development emergency" and that Africa, in particular, is not on track to meet the MDGs; that development activities must be heightened; and that the rise in global food prices has compounded development challenges. The food crisis became a prominent topic in conference discussions throughout the week. SYG Ban also noted that climate change has become a formidable factor in development, and also urged a successful conclusion of the WTO Doha Round.

[1](#)4. (SBU) Noteworthy presentations were made by several high-level officials. President Halonen of Finland emphasized that there is no Nokia-like "silver bullet" solution to development, and that countries must focus on education and business-friendly environments. President Lula of Brazil gave a spirited defense of sugar-based ethanol and trumpeted Brazil's agricultural cooperation and solidarity with the African continent. He emphasized the need to remove barriers from "South-South" trade and pledged that Brazil would take steps in that regard. India's Minister of Commerce, Nath, glorified the GOI's initiative to increase duty-free treatment for LDC

exports. WTO Director General Lamy championed a conclusion to the Doha Round and characterized a failure to reach a negotiated solution to the Round as the world "failing Africa."

15. (SBU) In the plenary session, the U.S. statement urged UNCTAD to focus and streamline its work in order to become a more effective organization. The U.S. praised UNCTAD's good technical programs, such as entrepreneurship training, and encouraged UNCTAD to expand its trade capacity-building work. Each of the nine conference roundtables comprised a discussion by a panel of experts and comments and questions from member state participants. Round-table topics included: social and gender implications of globalization, foreign investment and sustainable development, commodities, South-South trade, technology, debt management, Least Developed Countries (LDCs), and UNCTAD reform. In stark contrast to the entrenched positions of some G77 negotiators, several presenters from G77 governments that participated in the conference's roundtable discussions took a decidedly optimistic view of good governance and the developmental benefits from trade and globalization. Panelists, including those from El Salvador, Jamaica, Rwanda, Sierra Leone, Sri Lanka, Tunisia, and Uganda delivered remarks that emphasized the benefits of open markets and of carefully managed and complementary domestic programs, rather than extolling the virtues of market intervention or protectionism. The U.S. head of delegation participated as a discussant on the "Harnessing Knowledge and Technology for Development" roundtable and as a panelist on an UNCTAD reform.

16. (SBU) Side events at the conference included a luncheon on climate change, a meeting hosted by the land-locked

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developing countries (LLDCs), and a "Creative Africa" series which highlighted local culture and music. Most significant among the side events was the April 18-21 World Investment Forum (WIF), which included the general assembly of the World Association of Investment Promotion Agencies (WAIPA). Several U.S. companies participated actively in the WIF. This was complemented by a roundtable on "creating an institutional environment conducive to foreign investment and sustainable development," in which panelists touted the benefits of macroeconomic stability, transparency, predictability, effective legal/regulatory regimes, and avoiding indebtedness. China's vice minister of Trade, Yi Xiaozhun, acknowledged that FDI in China, \$763 billion as of year-end 2007, while representing only 3% of enterprises, was critical, as those enterprises accounted for 58% of exports and 10% of employment. To attract FDI, China had provided both "hardware" (infrastructure such as roads and ports) and "software" (a claimed, predictable legal system). Yi cited China's corporate income tax and anti-monopoly laws along with 121 bilateral investment treaties as examples of the latter.

17. (SBU) The formal negotiations of the outcome document took place over the course of the conference in the Committee of the Whole sessions, addressing those issues still unresolved after months of negotiation in Geneva. Following several heated discussions, key negotiating group break-out sessions, late nights, and some eleventh hour compromises, member states reached consensus and adopted the 221 paragraph Accra Accord on April 25. The Accord defines the work plan for UNCTAD for the next four years, as set out in the "UNCTAD's Contribution" sections of the document. Notably, the document includes an entire section on UNCTAD institutional reform that represents real progress for developed countries. Whereas a compromise was made to include mention of "good governance" only once in the introduction of the document (in exchange for the same, limited treatment of the

contentious phrase "policy space"), there are several references to accountability and transparency as keys to development and trade issues, including in the use of commodities revenues.

18. (SBU) The U.S. delegation held the line on potentially harmful "policy space" language and successfully negotiated the insertion of a critical paragraph which clearly outlines the organization of the document. The organizational paragraph is key because it defines UNCTAD's mandate by limiting the scope of UNCTAD's work on issues such as climate change, migration, and intellectual property which the U.S. and other member states feel are largely outside of its purview. UNCTAD had been working on these and other issues based on its broad interpretation of the Sao Paulo Consensus (from its UNCTAD XI conference in 2004) and the prior 44 years of mandates which were never clearly defined or updated, only added to. The UNCTAD Secretariat lobbied extensively for a more direct and broad mandate in these areas, but instead was given a definite mandate in Accra that could help restrain the body from pursuing politically sensitive, non-trade related research in these areas. Our delegation also held strong on U.S. positions pertaining to language on the importance of an open, rules-based multilateral trading system, Aid for Trade, WTO accession, preference erosion, and commodities.

19. (SBU) The block of developing countries, the G-77, viewed the UNCTAD XII process as an opportunity to also feed into future multilateral development conferences slated for later this year such as Aid Effectiveness (September, Accra) and the Financing for Development Review (FfD) (November, Doha). The G-77 pushed for increased, open-ended commitments of official development assistance (ODA) and elimination of good governance commitments, an approach that runs counter to the Monterrey Consensus on Financing for Development. Developing countries also pushed for language that inaccurately claims that MDGs, across the board, would not be met, ignoring development gains made over the past several years. The U.S. and other developed countries advocated a more balanced approach to development, emphasizing the role of the domestic policy environment as well as trade and investment, and reinforced the concept that developing countries have primary responsibility for their own development.

110. (SBU) Comment. There were several setbacks along the way in reaching consensus on the Accord and conditions -- including unreliable IT resources and communications capabilities in Accra --made the already volatile

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negotiating atmosphere more challenging. Six months of negotiations in Geneva leading up to the conference in Accra were slow and difficult, largely due to the inability of the G-77 to effectively coordinate its positions and due to fundamental policy differences between developing and developed countries. The negotiations in Geneva were frenetic, disorganized, and often called at a moment's notice, making the process of compiling guidance from USG stakeholders in Washington and negotiation in Geneva of constantly changing text trying. Exacerbating these issues were actors within the UNCTAD Secretariat who attempted to influence negotiations to advance personal agendas.

111. (SBU) Comment cont'd. In Accra, a move by the Palestinians to insert unacceptable language into the outcome document and possibly table a radical resolution erupted into a crisis that threatened to undermine the entire conference. Contrived theatrics by the Brazilian Ambassador/head of delegation in his role as lead G-77 negotiator were bizarre and unconstructive. The process,

leading up to the very end, was riddled with inefficiencies and frustrating for participants. Initiatives to reform UNCTAD should help to improve the process for the next quadrennial conference, but officers covering UNCTAD XIII may consider taking steps early on in the process to insist upon an organized and productive negotiating schedule and, to the extent possible, be aware of tactics that could be used to detract from the core objectives of the conference. End Comment.

¶12. (U) Minimize Considered  
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